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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
31 MARCH 2014

The Board of Directors of HEXAGON HOLDINGS BHD wishes to announce the unaudited results of the Group for the period ended 31 March 2014 as follows:-

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

	FYE 2014	FYE 2013	FYE 2014	FYE 2013
	Current Year	Current Quarter	3 months	3 months
	Quarter	Ended	cumulative to	cumulative to date
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Unaudited		Unaudited	
	RM'000	RM'000	RM'000	RM'000
Revenue	744	756	744	756
Cost of Sales	(500)	(559)	(500)	(559)
Gross Profit	244	197	244	197
Other Income	180	240	180	240
Selling & Distribution Expenses	(24)	(51)	(24)	(51)
Administration and General Expenses	(512)	(627)	(512)	(627)
Foreign Exchange Gain Loss	(7)	15	(7)	15
Profit / (loss) from Operations	(119)	(226)	(119)	(226)
Finance Costs	(700)	(612)	(700)	(612)
Share of profit / (loss) of associates	0	0	0	0
Loss before tax	(819)	(838)	(819)	(838)
Taxation	0	0	0	0
Loss after tax	(819)	(838)	(819)	(838)
Attributable to:				
Equity holders of the parents	(819)	(838)	(819)	(838)
Non-controlling interest	0	0	0	0
Net Loss for the period	(819)	(838)	(819)	(838)
EPS/(LPS) - (Sen)	(0.62)	(0.63)	(0.62)	(0.63)
Diluted (LPS) - (Sen)	(0.42)	(0.43)	(0.42)	(0.43)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
31 MARCH 2014

	FYE 2014	FYE 2013	FYE 2014	FYE 2013
	Current Year Quarter	Current Quarter Ended	3 months cumulative to date	3 months cumulative to date
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Unaudited RM'000	RM'000	Unaudited RM'000	RM'000
Loss for the period	(819)	(838)	(819)	(838)
Foreign currency translation differences arising from consolidation	0	0	0	0
Total comprehensive loss	(819)	(838)	(819)	(838)
Total comprehensive loss attributable to:				
Equity holders of the Company	(819)	(838)	(819)	(838)
Non-controlling Interest	0	0	0	0
	(819)	(838)	(819)	(838)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS AS AT 31 MARCH 2014

	As at 31 March 2014	As at 31 December 2013
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	895	941
Investments in Associates	0	0
Goodwill on Consolidation	0	0
Deferred Tax Assets	0	0
Development Expenditure	0	0
	895	941
Current Assets		
Inventories	0	0
Other Investments	0	0
Derivative Assets	0	0
Trade and Other Receivables	284	776
Current Tax Assets	200	61
Cash and Cash equivalents	444	447
	928	1,284
Total Assets	1,823	2,225
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share Capital	66,348	66,348
Other Reserves	0	0
Accumulated Losses	(178,721)	(177,902)
Shareholders' Fund	(112,373)	(111,554)
Non-controlling Interest	0	0
Total Equity	(112,373)	(111,554)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2013
 (CONTINUED)**

	As at 31 December 2013	As at 31 December 2012
	(Unaudited)	(Audited)
	RM'000	RM'000
LIABILITIES		
Non Current Liabilities		
Provision for Retirement Benefits	0	0
Long Term Borrowings	0	0
Deferred Tax Liabilities	63	63
	63	63
Current Liabilities		
Trade & Other Payables	72,672	72,941
Provision for Retirement Benefits	0	0
Overdraft & Short Term Borrowings	41,461	40,775
Current Tax Liabilities	0	0
	114,133	113,716
Total Liabilities	114,196	113,779
Total Equity and Liabilities	1,823	2,225
Net Asset per share	(85)	(84)

The Consolidated Statements of Financial Positions should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



HEXAGON HOLDINGS BERHAD (Company No.: 280116-H)
Incorporated in Malaysia

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 31 MARCH 2014

←----- Attributable to equity holders of the Company ----->

←-----Non-distributable----->

	Share Capital	Other Capital Reserve	Exchange Reserve	Warrant Reserve	Share Based Payment Reserve	Retained Earnings / (Accumulated losses)	Total	Non - controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2014	66,348	-	-	-	-	(177,902)	(111,554)	-	(111,554)
Foreign currency translation	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(819)	(819)	-	(819)
Total comprehensive loss for the period	-	-	-	-	-	(819)	(819)	-	(819)
Transaction with owners in their capacity as owners :									
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	66,348	-	-	-	-	(178,721)	(112,373)	-	(112,373)

The Consolidation Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



HEXAGON HOLDINGS BERHAD (Company No.: 280116-H)
 Incorporated in Malaysia

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 31 MARCH 2013

←----- Attributable to equity holders of the Company ----->

←-----Non-distributable----->

	Share Capital	Other Capital Reserve	Exchange Reserve	Warrant Reserve	Share Based Payment Reserve	Retained Earnings / (Accumulated losses)	Total	Non - controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Restated Balance as at 1 January 2013	66,348	1,095	-	9,519	1,732	(100,704)	(22,010)	-	(22,010)
Foreign currency translation	-	-	-	-	-	-	-	-	-
(Loss) / Profit for the period	-	-	-	-	-	(1,855)	(1,855)	-	(1,855)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(1,855)	(1,855)	-	(1,855)
Transaction with owners in their capacity as owners :									
Deconsolidation of subsidiaries under liquidation	-	-	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2013	66,348	1,095	-	9,519	1,732	(102,559)	(23,865)	-	(23,865)

The Consolidation Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 MARCH
2014**

	FYE 2014	FYE 2013
	Year-to-date ended (3 months) 31 March 2014	Year-to-date ended (12 months) 31 December 2013
	(Unaudited)	(Audited)
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(819)	(89,459)
Adjustments for:-		
Amortisation of development expenditure	-	-
Bad debt / inventories written off	-	-
Unrealised (gain) / loss on foreign exchange	-	-
Depreciation of property, plant and equipment	49	192
Property, plant and equipment written off	-	78
Provisions for corporate guarantee	-	66,797
Gain on disposal of property, plant and equipment	-	-
Gain on deconsolidation of subsidiaries under liquidation	-	-
Impairment losses on :		
- investment, property, plant and equipment	-	-
- amount due from former subsidiaries	-	15,765
- trade and other receivables	-	3
- goodwill on consolidation	-	-
Reversal of impairment losses	-	(132)
Interest expenses	700	2,486
Interest income	-	-
Fair value adjustment on derivative instruments	-	-
Provisions for retirement benefits	-	-
Share of (profit) / loss of associates	-	-
Waiver of debts	-	(126)
Operating (loss) / profit before changes in working capital	(70)	(4,396)
Changes in working capital		
Decrease / (Increase) in inventories	-	-
Decrease / (Increase) in trade and other receivables	492	980
Increase / (Decrease) in trade and other payables	(269)	3,775
Cash generated from operations	153	359
Tax paid	(140)	(146)
Interest received	-	-
Interest paid	-	(27)
Net cash from operating activities	13	186

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 MARCH
2014 (CONTINUED)**

	FYE 2013	FYE 2012
	Year-to-date ended (12 months)	Year-to-date ended (21 months)
	31 December 2013 (Unaudited)	31 December 2012* (Audited)
	RM'000	RM'000
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of investment in associates	-	-
Net cash inflow from deconsolidation of subsidiaries under liquidation	-	-
Acquisition of additional interest in subsidiary	-	-
Purchase of property, plant and equipment	(2)	(31)
Proceeds from disposal of property, plant and equipment	-	-
Net cash flow used in investing activities	<u>(2)</u>	<u>(31)</u>
CASH FLOW USED IN FINANCING ACTIVITIES		
Withdrawals / (Placements) of pledged fixed deposits	-	-
Repayment of hire purchase liabilities	(14)	(51)
Drawdown of short term borrowings	-	-
Repayments of short term borrowings	-	-
Drawdown of term loans	-	-
Repayments of term loans	-	-
Net cash flow used in financing activities	<u>(14)</u>	<u>(51)</u>
Net increase /(decrease) in Cash & Cash Equivalents	(3)	104
Cash & Cash Equivalents at beginning of period – Note (a)	447	343
Effect of exchange rate changes on cash and cash equivalents at beginning of the financial year	-	-
Cash & Cash Equivalents at end of period - Note (b)	<u>444</u>	<u>447</u>

The Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
31 MARCH 2014

	FYE 2014 Year-to-date ended (3 months) 31 March 2014	FYE 2013 Year-to-date ended (12 months) 31 December 2013
	RM'000	RM'000
Note (a)		
Cash & Cash Equivalents at beginning of period		
Cash & cash equivalents	447	343
Less : Pledged fixed deposits	-	-
Cash and bank balances	447	343
Bank overdraft	-	-
	447	343
Note (b)		
Cash & Cash Equivalents at end of period		
Cash & cash equivalents	444	447
Less : Pledged fixed deposits	-	-
Cash and bank balances	444	447
Bank overdraft	-	-
	444	447

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for year ended 31 December 2013 except for the adoption of the following new revised MFRSs.

2.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

The Group adopted the following new and amended MFRSs and IC Interpretations:-

MFRS 10:	Consolidated Financial Statements
MFRS 11:	Joint Arrangements
MFRS 12:	Disclosure of Interest in Other Entities
MFRS 13:	Fair Value Measurement
MFRS 119:	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127:	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128:	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to MFRS 1:	First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10:	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11:	Joint Arrangement: Transition Guidance
Amendments to MFRS 12:	Disclosure of Interest in Other Entities: Transition Guidance
Amendments to MFRS 101:	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116:	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132:	Financial Instruments: Presentations (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134:	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20:	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above standards and amendments are not expected to have any impact on the financial statements of the Group.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

The following MFRSs, Amendments to MFRSs and IC Interpretation issued by the MASB are relevant to the Group, however, they have not been early adopted in this set of financial statements.

Amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10:	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12:	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127:	Separate Financial Statements: Investment Entities
Amendments to MFRS 132:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

MFRS and Amendments effective for annual periods beginning on or after 1 January 2015

MFRS 9:	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9:	Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Directors anticipate that the adoption of above new/revised MFRS, amendments to MFRS and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

3. QUALIFICATION OF AUDIT REPORT FOR THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's annual financial statements for the year ended 31 December 2013 was subject to qualification.

4. SEASONAL / CYCLICAL FACTORS

The Group's operations are not affected materially by any seasonal / cyclical factors.

5. UNUSUAL ITEMS THAT AFFECT THE FINANCIAL STATEMENTS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence of the Group for the period.

6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in the prior financial years that have a material effect in the current interim period.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 – INTERIM FINANCIAL REPORTING

7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date.

8. DIVIDEND PAID

There was no payment of dividend for the quarter ended 31 March 2014.

9. SEGMENTAL REPORTING

The Group's segmental report for the current quarter and financial year-to-date are as follows:-

	Current Quarter Ended	3 months cumulative to date
	31 March 2014	31 March 2014
	RM'000	RM'000
Segmental Revenue		
Trading and service	744	744
Investment income	-	-
	744	744
Eliminations	-	-
Group Revenue	744	744

	Current Quarter Ended	3 months cumulative to date
	31 March 2014	31 March 2014
	RM'000	RM'000
Segmental Results		
Trading and service	(97)	(97)
Investment income [^]	(22)	(22)
	(119)	(119)
Eliminations	-	-
Profit / (loss) from operations	(119)	(119)

10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current quarter. The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

11. SUBSEQUENT EVENT

There was no material event subsequent to the end of the current quarter.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

14. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR-TO-DATE

As a result of consistent product loading by the main customer, the Group's revenue for current quarter of RM0.74 million was comparable to last corresponding period.

The consistency of revenue has resulted the Group registering quarterly Loss After Tax ("LAT") of RM819k, which was comparable to LAT of RM838k in last corresponding period.

15. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AS COMPARED TO THE PRECEDING QUARTER

	<u>Current Quarter</u>	<u>Preceding Quarter ended 31 December 2013</u>
	RM'000	RM'000
Revenue	744	997
Loss after tax	(819)	(35,600)

The current quarter's revenue was lower at RM744k as compared to RM997k of the preceding quarter, lower loading volume from customer compared to previous quarter attributed to the drop.

The current quarter LAT of RM819k was lower than preceding quarter, higher LAT in preceding quarter was due to provisions of RM14.3 million of corporate guarantee liabilities and RM15.6 million impairment of receivable.

16. PROSPECTS

As a result of admission to PN17, the Company is required to submit a regularization plan to Bursa Malaysia Securities Berhad/Securities Commission within 12 months from 28 February 2013.

The Company submitted an application to Bursa Securities for an extension of time of two (2) months up to 28 April 2014 to make the Requisite Announcement of its Proposed Restructuring Scheme and four (4) months up to 28 June 2014 to submit the regularisation plan to the regulatory authorities.

The Company has however in the meantime received a suspension and de-listing notice dated 5th May 2014 from Bursa Securities. An appeal to this effect has been submitted to Bursa Securities on 12th May 2014 and we are currently waiting for an official reply from Bursa Securities

The Board is currently working with our financial Advisors to address these issues. We hope to resolve these issues in the best interests of all stakeholders.

17. TAXATION

	<u>Current Quarter</u>	<u>Year to date</u>
	RM'000	RM'000
Loss before tax	(819)	(819)
Taxation	0	0
Effective tax rate	0%	0%

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

The taxation charge to the Income Statement consists of :

	<u>Current Quarter</u>	<u>Year to date</u>
	RM'000	RM'000
Income tax	0	0
Deferred taxation	0	0
	<u>0</u>	<u>0</u>

The estimated effective tax rate is Nil as compare to the statutory tax rate.

18. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no other sales nor profits/(losses) on any sale of unquoted investments and properties for the current quarter and financial year-to-date.

19. QUOTED SECURITIES

There were no purchase and disposal of quoted securities by the Group for the current quarter and financial year-to-date.

20. CORPORATE PROPOSALS

There are no outstanding corporate proposals for the current quarter and financial year-to-date.

21. GROUP BORROWINGS

The Group borrowings are secured against corporate guarantees given by the company, charges over the landed properties, fixed deposits pledged and negative pledged over the Group's assets.

	<u>As at March 2014</u>
	RM'000
Short Term Borrowings	
Bills Payable	0
Revolving Credits	0
Bank Overdraft	0
Others	0
Hire Purchase	2
Term Loans - Current portion	41,459
	<u>41,461</u>
Long Term Borrowings	
Hire Purchase	0
Term Loans – Long term portion	0
	<u>0</u>
Total Group Borrowings	<u>41,461</u>

All borrowings are denominated in local currency.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the reporting date.

23. CHANGES IN MATERIAL LITIGATION

As at the reporting date, the following are the material litigations against the Group.

a) Prima Uno Berhad (“Prima Uno”) and Malaysians Trustees Berhad (“MTB”) Served a Statutory Notice of 218 to Hexagon Holdings Bhd

The Company announced that on 30 April 2013, a Statutory Notice dated 29 April 2013 had been served on the Company by Messrs Adnan Sundra & Low acting for Prima Uno Berhad (“Prima Uno”) and Malaysians Trustees Berhad (“MTB”) and demanding payment of a sum of RM39,291,536 as at 25 April 2013 with interest. The Company was given fourteen (14) days from the receipt of the Statutory Notice to pay the aforesaid sum, failing which, a winding-up proceeding may be filed against the Company.

The term loan is a primary collateral loan obligation obtained by the Company on 8 January 2007, under the agreement, the loan is scheduled to fall due on 26 January 2012. The Company, via a letter issued on 9 January 2012 to the lender, had sought an indulgence for an informal standstill until the Company undertakes to restructure the debt. Subsequent to the request and pending the debt restructuring, an informal standstill was observed by the lender.

The management is of the view that the reason leading to the filing of Statutory Notice was due to the delay by the Company in implementing its proposed debt restructuring, owing to changes of circumstances such as:

- (i) Winding-Up Order (“Winding Up”) issued under the High Court in Sabah and Sarawak at Kuching to Hexagon Tower Sdn. Bhd. (In Liquidation) (“HTSB”), a wholly-owned former subsidiary of the Company;
- (ii) A Summary Judgement obtained by Standard Chartered Bank Malaysia Berhad (“SCB”) against Polymer Composite Asia Sdn. Bhd. (“PCA”), PCA is a wholly-owned subsidiary company of HTSB which in turn is a wholly-owned former subsidiary company of the Company.

On 6 June 2013, the Company received a letter of demand from the solicitor acting for Prima Uno and MTB, demanding payment of a sum of RM34,291,536 as at 25 April 2013 with interest.

In the same Demand, the solicitor informed the Company to disregard the Statutory Notice of Section 218 dated 29 April 2013, which has been served to the Company on 30 April 2013 and the Company has subsequently announced on 3 May 2013 and 7 May 2013.

On 26 June 2013, the Company announced that, the solicitor acting for Prima Uno and MTB, issued a Demand Letter dated 25 June 2013 (“Demand”) to the Company informing that as the Company has failed in paying the loan sum together with the interest amounting of RM34,291,536 as at 25 April 2013 under the Facility on the repayment date as stated in the previous letter of demand dated 4 June 2013, the Facility was hereby being terminated and recalled.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

On 1 November 2013, a Writ and Statement of Claim dated 30 October 2013 demanding payment of a sum of RM34,837,456 had been served on the Company, fixed the hearing dated at the High Court of Kuala Lumpur on 12 November 2013.

The Case Management held on 12 November 2013, 6 December 2013, 13 February 2014, and 20 March 2014, the High Court Judge has allowed Prima Uno and MTB's application for Summary Judgment on the following terms:-

- (i) The Company to pay to MTB the sum of RM34,837,356, as at 25 October 2013, together with the interest of 10.38% per annum calculated from 26 October 2013 until the final settlement;
- (ii) Cost of RM5,000.00 to be paid by the Company to MTB.

The Company has already instructed its solicitors to file a Notice of Appeal against the decision of the High Court.

b) Letters of Demand by Malayan Banking Berhad ("MBB")

The Company announced that, a Letter of Demand ("Demand") dated 15 May 2013 had been served on the Company by Messrs Rahmat Lim & Partners acting for Malayan Banking Berhad ("MBB") demanding payment of a sum of RM40,599,049.06 (as at 30 April 2013) with the continuing interest at the interest rate of BLR + 2.50% per annum (inclusive of the 1% per annum default interest).

The reason leading to the Demand was due to the delay by HTSB in the repayment of the outstanding amounts due and owing under the various banking facilities granted by MBB and HHB have provided guarantees and would need to repay on demand all moneys which now are or during the operation of the corporate guarantees to be due and owing by HTSB.

The Company has already appointed legal counsel to defend the claim.

On 7 June 2013, the Company announced that a Letter of Demand ("Demand") dated 30 May 2013 had been served on the Company by Messrs Rahmat Lim & Partners acting for MBB demanding payment of a sum of RM5,209,071.56 (as at 19 May 2013) due and owing under the Term Loan Facility dated 2 November 2012.

The reason leading to the Demand was due to the delay by HHB in the repayment of the outstanding amounts due and owing under the Term Loan Facility granted by MBB.

For above 2 letters of demand, the Company had on 16 July 2013 announced that, a Writ of Summon and Statement of Claim dated 12 July 2013 had been served on the Company by Messrs Rahmat Lim & Partners acting for MBB and this shall be heard at the High Court of Kuala Lumpur on 24 July 2013.

Further to Case Managements and hearings held on 24 July 2013, 13 August 2013 and 20 August 2013, 17 September 2013, 23 October 2013, 28 October 2013 and the Hearing held on 8 November 2013, the High Court has allowed the Plaintiff's Application on the following terms:-

- 1. that the Defendant pays to the Plaintiff the sum of RM40,599,049.46 due and owing pursuant to the Corporate Guarantees as at 30 April 2013;
- 2. that the Defendant pays to the Plaintiff interest over the sum of RM40,599,049.46 at

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

- the rate of BLR +2.50% per annum (inclusive 1% p.a. default interest) on a daily basis from 1 May 2013 until date of full realisation;
3. that the Defendant pays to the Plaintiff the sum of RM5,209,071.56 as the sum due and owing to the Plaintiff pursuant to the Term Loan Facility as at 19 May 2013;
 4. that the Defendant pays to the Plaintiff interest over the sum of RM5,209,071.56 at the rate of Cost of Funds ("COF") + 1.5% per annum (inclusive 1% p.a. default interest) on a daily basis from 20 May 2013 until full realisation; and
 5. costs on a solicitor and client basis.

On 19 February 2014, the Company announced that the High Court has re-fixed the hearing of the Appellant's Appeal against the decision of the High Court allowing the Plaintiff's Order 14 (Summary Judgment) application to 15 April 2014.

On 15 April 2014, the Appeal has been dismissed by the Court. The Company is currently seeking legal advice as regards to the merit of filing an appeal against the decision of the High Court.

c) Letter of Demand ("Demand") from Standard Chartered Bank Malaysia Bhd ("SCB")

On 2 July 2013, the Company announced that a Letter of Demand ("Demand") dated 1 July 2013 had been served on the Company by Messrs Adnan Sundra & Low (the "Solicitor") acting for Standard Chartered Bank Malaysia Berhad ("SCB") demanding payment of a sum of RM18,330,323.47 as at 26 June 2013 due and owing under the Banking Facilities granted by SCB to Hexagon Tower Sdn Bhd ("HTSB") (In Liquidation) which was the wholly owned subsidiary company of HHB prior to its liquidation

The reason leading to the Demand was due to the winding up of HTSB which thereby committed an event of default under the Facilities and HHB has guaranteed the repayment on demand of all monies owing or incurred by HTSB to SCB pursuant to the Corporate Guarantee dated 17 September 2007 duly executed by HHB.

On 23 August 2013, the Company announced that a Notice of Defaults ("Notice") with respect to Charge Presentation No. 33104/2010 dated 22 August 2013 pursuant to Section 254 of the National Land Code 1965 had been served on Polymer Composite Asia Sdn Bhd ("PCA"), a wholly owned subsidiary company of HTSB which was the wholly owned subsidiary company of HHB prior to its liquidation by the Solicitor of SCB.

On 23 September 2013, a sealed copy of "Saman Pemula" dated 18 September 2013 had been served on PCA. The High Court of Seremban ("Court") has fixed the matter for hearing on 23 October 2013.

Further to Case Managements on 23 October 2013, 6 November 2013, 13 December 2013, 29 January 2014 and 31 March 2014, the High Court has struck out the Originating Summons and SCB is given the liberty to file afresh and ordered the Company to pay cost of RM10,000 within 7 days.

d) Letter of Demand ("Demand") By Bank Muamalat Malaysia Berhad ("BMMB")

On 6 August 2013, the Company announced that, two Letters of Demand ("Demand") dated 22 July 2013 had been served on the Company by Messrs Shearn Delamore & Co (the "Solicitor") acting for Bank Muamalat Malaysia Berhad ("BMMB").

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

The Solicitor acting for BMMB is demanding payment of

- i. A sum of RM9,272,057.32 due and owing as at 12 July 2013 together with continuing compensation charges and all other applicable continuing costs, charges and expenses to BMMB. The Banking Facility was granted to Hexagon Tower Sdn Bhd ("HTSB") ("In Liquidation") which was the wholly owned subsidiary company of HHB prior to its liquidation. The Facility is secured by inter alia a Corporate Guarantee executed by HHB.

The reason leading to the Demand was due to the winding up of HTSB which thereby committed an event of default under the Facility and HHB has guaranteed the repayment on demand of all monies owing or incurred by HTSB to BMMB pursuant to the Corporate Guarantee duly executed by HHB.

- ii. A sum of RM2,652,920.84 due and owing as at 12 July 2013 together with continuing compensation charges and all other applicable continuing costs, charges and expenses to BMMB. The Banking Facility was granted to Advanced Metal Substrate Technology Sdn Bhd ("AMST") ("In Liquidation") which was the wholly owned subsidiary company of HHB prior to its liquidation. The Facility is secured by inter alia a Corporate Guarantee executed by HHB.

The reason leading to the Demand was due to the winding up of AMST which thereby committed an event of default under the Facility and HHB has guaranteed the repayment on demand of all monies owing or incurred by AMST to BMMB pursuant to the Corporate Guarantee duly executed by HHB.

Further to the announcements made on 6 August 2013, 21 August 2013, 28 August 2013, 11 September 2013, 8 November 2013 and also the Hearing held on 12 November 2013, the High Court has allowed the Plaintiff's Application on the following terms:-

1. that the Defendant do pay to the Plaintiff the sum of RM2,652,920.84 due and outstanding as at 12 July 2013 on the Muamalat Restructuring (Tawarruq)-i Facility availed and granted to AMST which was the wholly owned subsidiary company of HHB prior to its liquidation;
2. that the Defendant do pay to the Plaintiff the compensation for late payment on the overdue amount of RM512,232.61 or balance thereof at 1% per annum from 13 July 2013 until the maturity of the Financing on 15 August 2016 and thereafter at the Interbank Islamic Money Market Rate (IMMR) (Currently at 2.91% per annum) on the Principal Outstanding of RM1,870,589.05 or balance thereof until the date of full and final settlement;
3. that the Defendant do pay to the Plaintiff the sum of RM9,272,057.32 due and outstanding as at 12 July 2013 on Muamalat Restructuring (Tawarruq)-i Facility availed and granted to HTSB which was the wholly owned subsidiary company of HHB prior to its liquidation;
4. that the Defendant do pay to the Plaintiff the compensation for late payment on the overdue amount of RM2,954,227.84 or balance thereof at 1% per annum from 13 July 2013 until the maturity of the Financing on 15 October 2015 and thereafter at the Interbank Islamic Money Market Rate (IMMR) (Currently at 2.91% per annum) on the Principal Outstanding of RM7,751,738.71 or balance thereof until the date of full and final settlement;
5. costs of RM4,000.00 to be paid by the Defendant to the Plaintiff.

On 19 February 2014, the Company announced that the Company has instructed its solicitors to

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

file a Notice of Appeal in the Court of Appeal against the Judgement. On 1 April 2014, the Appeal had been dismissed by the Court.

The Company is currently seeking legal advice as regards to the merit to apply for leave to appeal to the Federal Court before the solicitors can appeal against the Court of Appeal decision.

e) Ambank (M) Berhad ("Plaintiff") v. Polymer Composite Asia Sdn Bhd ("PCA" or "Defendant 1") & Hexagon Holdings Berhad ("HHB" or "Defendant 2")

On 14 August 2013, the Company announced that on 13 August 2013, the Sealed Order for the Judgement of the above civil suit was received by HHB from Messrs Amin-Tan & Co acting for Ambank (M) Berhad ("Plaintiff").

The Plaintiff has granted a Revolving Credit Facility for RM2,543,675.07 and Bankers Acceptance Facility for RM5,312,117.31 (the "General Banking Facilities") to Polymer Composite Asia Sdn Bhd ("PCA" or "Defendant 1"). PCA is a wholly-owned subsidiary company of Hexagon Tower Sdn Bhd ("HTSB") ("In Liquidation") which was the wholly owned subsidiary company of HHB prior to its liquidation. The Banking Facilities are secured by, amongst others, a corporate guarantee issued by HHB.

The Plaintiff had on 10 April 2013 filed its application for summary judgment against PCA and HHB (collectively the "Defendants"). On 26 June 2013, the Plaintiff's application for summary judgment was heard and allowed for a sum of RM7,855,792-38 as at 7 February 2013 together with the interest to be calculated from 8 February 2013 until full realisation and with cost of RM2,000.00 per Defendant ("Judgment").

The Court further directed Ambank's solicitors to withhold legal proceedings pending the process of Corporate Debt Restructuring Committee's ("CDRC") facilitating the debt restructuring process.

On 29 October 2013, the Appellant Court has allowed the Company appeal against the High Court Order in granting the Judgment to the Plaintiff. Consequently, this matter will proceed for trial at the High Court.

f) JCL Credit Leasing Sdn Bhd ("Plaintiff") v. Hexagon Holdings Berhad ("the Company" or "Defendant")

On 25 October 2013, the Company announced that a Letter of Demand ("Demand") dated 21 October 2013 had been served on the Company by Messrs Arifin & Partners acting for JCL Credit Leasing Sdn Bhd (f.k.a. Jerneh Credit Leasing Sdn Bhd ("JCL") demanding payment of a sum of RM878,218.02 as at 18 October 2013 together with the interest at the rate of 7.14% per annum on daily basis due and owing under the Hire Purchase Facility granted by JCL. The Hire Purchase Facility was granted to Advance Metal Substrate Technology Sdn Bhd ("AMST") ("In Liquidation) which was a subsidiary company of HHB prior to its liquidation. The Facilities are secured by inter alia Guarantee / Indemnity Agreement dated 31 December 2005 and Supplementary Agreement dated 30 September 2009 duly executed by HHB.

On 12 November 2013, a Writ of Summon and Statement of Claim dated 31 October 2013 had been served on the Company by JCL's solicitor and this shall be heard at the High Court of Kuala Lumpur on 28 November 2013.

HEXAGON HOLDINGS BERHAD (Company No.: 280116-H)
Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

On 28 November 2013, 19 December 2013 and 30 December 2013's Case Managements, the Court has further fixed this matter for Hearing on 23 January 2014.

On 23 January 2014, the Company announced that the Court allowed the Plaintiff's Application for Summary Judgment on the following terms:-

- i. That the Defendant do pay to the Plaintiff the sum of RM878,218.02 due and outstanding as at 18 October 2013;
- ii. The Interest at the rate of 7.14% per annum calculated on daily basis from 19 October 2013 until the date of full payment;
- iii. Costs of RM4,000.00 to be paid by the Defendant to the Plaintiff.

The Company has instructed its solicitors to file a Notice of Appeal in the Court of Appeal against the Judgment and a Stay of Execution of the Judgment on behalf of the Company.

Further to the Case Management held on 28 February 2014, 13 March 2014 and 9 April 2014 and also the Hearing held on 8 May 2014 and 15 May 2014, the Court has fixed this matter for Decision on 28 May 2014.

g) Hong Leong Bank Berhad (previously EON Bank Berhad) ("HLB") v. Hexagon Holdings Berhad ("the Company" or "Defendant")

On 27 November 2013, the Company announced that on 26 November 2013, a Letter of Demand ("Demand") dated 21 November 2013 had been served on Hexagon Shop System Sdn Bhd ("HSS"), a wholly-owned subsidiary company of Hexagon Tower Sdn Bhd ("In Liquidation") which was the wholly owned subsidiary company of HHB prior to its liquidation, by Messrs Skrine acting for HLB demanding payment of a sum of RM605,066.68 as at 31 October 2013 due and owing under the Term Loan Facility ("Facility") granted by HLB together with the solicitor's fee of RM106.00.

On 16 December 2013, the Company announced that a Notice of Demand ("Demand") dated 12 December 2013 had been served on HHB, by Messrs Skrine ("the Solicitor") acting for Hong Leong Bank Berhad ("HLB") demanding payment of a sum of RM610,072.45 as at 30 November 2013 due and owing under the Facility granted by HLB together with the interest rate of 3.50% per annum above HLB's Base Lending Rate ("BLR") on monthly rest from 1 December 2013 till the date of full settlement and with solicitor's fee of RM106.00.

On 7 February 2014, a Writ of Summon and Statement of Claim dated 29 January 2014 had been served on HHB, by the HLB's Solicitor demanding payment of a sum of RM615,305.70 as at 31 December 2013 due and owing under the Facility granted by HLB together with the interest rate of 3.50% per annum above HLB's Base Lending Rate ("BLR") on monthly rest from 1 January 2014 till the date of full settlement.

Further to the Case Management held on 6 March 2014 and 20 March 2014 and also Hearing held on 17 April 2014 and 9 May 2014, the Court has fixed this matter for Decision on 6 June 2014.

h) Bank Muamalat Malaysia Berhad ("BMMB") v. Hexagon Holdings Berhad ("the

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

Company")

On 11 March 2014, an amended notice of originating motion dated 10 March 2014 had been served on the Company by Messrs Shearn Delamore & Co. (the "Solicitor") acting for BMMB.

BMMB is demanding payment of a sum of RM2,652,921 due and owing as at 12 July 2013 together with continuing compensation charges and all other applicable continuing costs, charges and expenses under the Muamalat Restructuring (Tawarruq)-i Facility of RM1,950,000 granted to Advanced Metal Substrate Technology Sdn. Bhd. ("In Liquidation") ("AMST") which was the wholly owned subsidiary company of the Company prior to its liquidation.

The facility was secured by inter alia Guarantee duly executed by the Company. The reason leading to the demand was due to AMST's failure to settle the sums owing under the facility.

The amended notice of originating motion was filed by the Solicitor acting for BMMB as whether the BMMB is entitled to the benefit of all dividends and other monies and payments due to the Company from the distribution of the property and assets of AMST in the course of the Creditors' Voluntary Liquidation of AMST or such dividends and other monies and payments as is sufficient to settle the indebtedness of AMST to BMMB.

If BMMB succeeds in their claim, HHB would have potential loss in relation to the potential distribution of dividends and other monies and payments due from the distribution of the property and assets of AMST in the course of the Creditors' Voluntary Liquidation.

Further to the Case Management held on 26 March 2014, 22 April 2014 and 7 May 2014, the Learned Judge has transferred the matter to another High Court Judge [High Court (Commercial Division) NCC 2] to hear this matter and also directed the Registrar of the High Court (Commercial Division) NCC 2 to inform the parties for the next Case Management date as soon as possible and fixed this matter for parties to file in their respective submissions and a Hearing date to dispose off this matter.

24. PROPOSED DIVIDEND

No dividend has been declared nor proposed for the current quarter.

25. EARNINGS PER SHARE ("EPS")

	Current Quarter Ended	Comparative Quarter Ended	3 months cumulative to date	3 months cumulative to date
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Net Loss (RM'000)	(819)	(838)	(819)	(838)

BASIC EARNINGS PER SHARE

Weighted average number of ordinary shares in issue ('000)	132,695	132,695	132,695	132,695
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

Earnings / (Loss) per Share – (Sen)	(0.62)	(0.63)	(0.62)	(0.63)
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DILUTED EARNINGS PER SHARE

Adjustment for warrant conversion	63,476	63,476	63,476	63,476
Adjusted weighted average number of ordinary shares in issue ('000)	196,171	196,171	196,171	196,171
Loss per Share – (Sen)	*	*	*	*

* ANTI-DILUTIVE

26. RETAINED EARNINGS / (ACCUMULATED LOSSES)

	As at <u>31 March 2014</u> RM'000	As at <u>31 December 2013</u> RM'000
Total accumulated losses of the company and its subsidiaries :		
- Realised	(179,702)	(178,883)
- Unrealised	63	63
	<u>(179,639)</u>	<u>(178,820)</u>
Total share of retained profit / (accumulated losses) from associated companies :		
- Realised	-	-
	<u>(179,639)</u>	<u>(178,820)</u>
Consolidation adjustments	918	918
Total group accumulated losses as per consolidated accounts	<u>(178,721)</u>	<u>(177,902)</u>

27. ADDITIONAL NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

	Current Quarter Ended <u>31 March 2014</u> RM'000	Comparative Quarter Ended 31 March 2013 RM'000	3 months cumulative to date <u>31 March 2014</u> RM'000	3 months cumulative to date 31 March 2013 RM'000
(Loss) / profit for the period / year is arrived after charging / (crediting):				
Interest income	-	-	-	-

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

Other income	(180)	(240)	(180)	(240)
Interest expenses	700	612	700	612
Depreciation and amortization	49	40	49	40
Provision for and write off of				
- Receivables	-	-	-	-
- Inventories	-	-	-	-

ADDITIONAL NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (CONTINUED)

	Current Quarter Ended 31 March 2014	Comparative Quarter Ended 31 March 2013	3 months cumulative to date 31 March 2014	3 months cumulative to date 31 March 2013
	RM'000	RM'000	RM'000	RM'000
(Gain) / loss on disposal of				
- Property, plant and equipment	-	-	-	-
- Investments	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange (gain) or loss	7	(15)	7	(15)

By Order of the Board,

TAN BENG WAN
Executive Chairman and Group Chief Executive Officer

Date : 26th May 2014